

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 MC-02 SAJ-01 AID-05 ACDA-05 EB-07 FEA-01

TRSE-00 COME-00 /088 W

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R 292209Z APR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4930

INFO AMEMBASSY LA PAZ

AMEMBASSY MOSCOW

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

C O N F I D E N T I A L LIMA 3506

E.O. 11652: GDS

TAGS: MASS, PFOR, PE

SUBJ: SIGNIFICANCE OF PERUVIAN PURCHASE OF SOVIET
HELICOPTERS

REF: LIMA 3360 (NOTAL)

SUMMARY: IT IS RELIABLY REPORTED THAT PERUVIAN ARMY IS
BUYING 30 SOVIET MI-8 TRANSPORT HELICOPTERS, WHICH ARE SCHEDULED
TO BEGIN ARRIVING IN JULY. MESSAGE COMMENTS ON THE IMPLICA-
TIONS OF THIS PURCHASE. END SUMMARY.

1. PURCHASE OF MI-8'S IS SIGNIFICANT BECAUSE BUYER IS
PERUVIAN ARMY, THE DOMINANT POLITICAL ELEMENT HERE. ALTHOUGH
PERUVIAN AIR FORCE ALREADY HAS SIX MI-8'S, WHICH IT USES ALONG
WITH 49 BELL HELICOPTERS FOR OIL EXPLORATION IN JUNGLE, ARMY
PURCHASE OF 30 MI-8'S IS A MAJOR STEP IN DEVELOPMENT OF AN AIR
CAVALRY UNIT. WE HAVE BEEN AWARE OF PERU'S INTENTION TO DEVELOP
SUCH A UNIT FOR SOME TIME. LAST YEAR A MAAG-SPONSORED VISIT
TO THE U.S. WAS ARRANGED FOR PERUVIAN OFFICERS TO LOOK OVER
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VARIOUS TYPES OF HELICOPTERS AND TO EXAMINE THE ORGANIZATION OF

U.S. AIR CAVALRY UNITS.

2. THE PURCHASE MAY SERVE TO INCREASE SOVIET INFLUENCE HERE. EIGHT PERUVIAN ARMY OFFICERS AND 15 WARRANT OFFICERS REPORTEDLY HAVE GONE TO SOVIET UNION IN CONNECTION WITH THIS MI-8 PURCHASE, AND ANOTHER GROUP OF 12 COMMISSIONED AND 15 WARRANT OFFICERS IS SUPPOSEDLY TO LEAVE IN AUGUST. WHILE BELL HAS BUT ONE AMERICAN TECHNICIAN IN PERU TO SERVICE THE 49 AIR FORCE BELL HELICOPTERS, THE PRESENT SMALL NUMBER OF MI-8'S IS SERVICED BY SEVERAL SOVIET TECHNICAINS. ADDITIONAL SOVIET TECHNICIANS CAN BE EXPECTED TO ARRIVE WITH THIS NEW PURCHASE AND THEIR PRESENCE WILL INCREASE TIES WITH THE PERUVIAN ARMY, WHICH ALREADY HAS SOVIET TANKS IN ITS INVENTORY. NO DOUBT THIS IS THE MOTIVE OF SOVIETS, WHOSE FINANCIAL TERMS FOR THE SALE ARE OBVIOUSLY "POLITICAL" RATHER THAN COMMERCIAL (NO DOWN PAYMENT, THREE-YEAR GRACE PERIOD, SEVEN-YEAR TERM, ETC.).

3. THE HELICOPTER PURCHASE, COMING ON TOP OF T-55 TANK PURCHASE IN 1973, CAN BE EXPECTED TO RAISE FURTHER QUESTIONS ABOUT PERU'S INTENTIONS AND ITS RELATIONS WITH SOVIETS IN THE U.S. CONGRESS AND THE PRESS. IN ADDITION TO INCREASING SOVIET PRESENCE HERE, THIS PURCHASE WILL INCREASE PERUVIAN SUPERIORITY IN MILITARY MATERIEL OVER CHILE. ALONG WITH CONTRIBUTING TO INCREASED MISTRUST BETWEEN THE TWO COUNTRIES, ITS IMPACT IN THE U.S. COULD COMPLICATE THE EXECUTIVE'S EFFORTS TO DEAL SOBERLY WITH THE PERUVIAN REVOLUTION AND ITS DAY-TO-DAY MANIFESTATIONS.

4. ON THE PERUVIAN SIDE THE GOP MAY WELL CONTEND, AND EVEN ELEMENTS WITHIN THE PERUVIAN ARMED FORCES FRIENDLY TO THE U.S. HERE COULD CONCLUDE, THAT THE PURCHASE WAS CAUSED BY A U.S. REFUSAL TO SELL U.S.-BUILT ATTACK GUNSHIPS TO PERU. SOME PERUVIAN MILITARY MIGHT EVEN ALLEGE A U.S. "BREACH OF FAITH" IN REFUSING TO SELL PERU THE HELICOPTERS IT WANTS AFTER SPONSORING THE PERUVIAN OFFICERS' TRIP TO U.S. LAST YEAR. IN FACT, NO COMMITMENT WAS MADE TO SELL THE TOW-EQUIPPED COBRA GUNSHIP (NOT AVAILABLE TO LATIN AMERICA) IN CONNECTION WITH THAT TRIP OR AT ANY OTHER TIME.

5. AS TO COMMERCIAL IMPLICATIONS, AT ONE POINT THE U.S. MIGHT POSSIBLY HAVE BEEN IN A GOOD POSITION TO SELL PERU THE FULL

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FAMILY OF BELL HELICOPTERS TO COMPOSE AN AIR CAVALRY UNIT (OBSERVATION, TRANSPORT AND GUNSHIP HELICOPTERS). BECAUSE OF ITS INTERCHANGEABLE SPARE PARTS AND SERVICE, BELL MIGHT HAVE BEEN ABLE TO MAKE THE SALE DESPITE THE FAR MORE ATTRACTIVE SOVIET PRICE TERMS. IN FACE OF THE U.S. REFUSAL TO SELL ATTACK HELICOPTERS, HOWEVER, IT NOW ALSO APPEARS DOUBTFUL THAT PERU WILL BUY OTHER U.S.-BUILD HELICOPTERS FOR ITS AVIATION GROUP. THUS, IN ADDITION TO LOSING \$50 MILLION IN GUNSHIP SALES PRESUMABLY TO FRG OR

FRENCH SUPPLIERS), THE U.S. MAY ALSO MISS THE OPPORTUNITY TO PARTICIPATE IN SALES OF TRANSPORT AND OBSERVATION HELICOPTERS WHICH COULD TOTAL AN ADDITIONAL \$100 MILLION.
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